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May 5, 2008

Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Re: Application by South Carolina Generating Company, Inc. for Authority to Enter into a  
Note Agreement to Defray the Cost of Certain Capital Expenditures.  
**Docket No. 2008-161-E**

Dear Mr. Terreni:

This application by the South Carolina Generating Company, Inc. ("GENCO") is to borrow no more than \$160 million on a note to Prudential Investment Management, Inc. ("Prudential"), which will complement \$40 million that is to be financed by industrial revenue bonds issued by the Jobs-Economic Development Agency ("JEDA"). This money will be used to build pollution control facilities ("the facilities") to remove sulfur dioxide, as mandated by Federal law. GENCO's JEDA financing and the proposed borrowing from Prudential correspond to \$58.4 million for repaying advances from SCANA Corporation for the facilities plus \$140.4 million in planned expenditures, a total of \$198.4 million.

The pro forma interest rate on the proposed borrowing from Prudential is 6.25% and GENCO has indicated in its application that the rate is not expected to exceed 7.0%. Based on the spread over U.S. Treasury securities and their current yield, this range is reasonable, especially as it will raise the proportion of GENCO's capital structure financed by debt, which is cheaper than equity. The financing expenses of no greater than 0.5% of the borrowing amount also appear reasonable.

Based on its review, ORS has no objection to GENCO's request.

Sincerely,



John W. Flitter

JWF/dhc

cc: Kenneth Jackson, Vice President, SCANA Services, Inc.  
Shannon Bowyer Hudson, Counsel, SC ORS  
Chad Burgess, Counsel, SCE&G  
Dr. James Spearman, Executive Assistant to SCPSC